

fixed the status of the branches, is the law still in force, and gave to the branches the exclusive privilege of issuing notes in the cities where they were established. Even the increase in the number of the departmental banks and in the branches of the Bank of France had not been adequate to supply the growing demand for discounts, and in 1837 Jacques Laffitte founded the *Caisse Générale du Commerce et de l'Industrie* (General Bank of Commerce and Industry) with a capital of 15,000,000 francs. The absence of authority to issue circulating notes was evaded by the issue of bills payable to order after five, fifteen, and thirty days, with interest, and for three months without interest. The bills payable after five days were the most sought for and were circulated with an indorsement in blank which permitted them to pass from hand to hand.

The overthrow of the government of Louis Philippe in February, 1848, came on the heels of the financial crisis of 1847, ^{anc*} the combination of the two events caused a long list of failures and the general suspension of specie payments by authority of the provisional government. The suspension of specie payments was accompanied by decrees giving forced legal tender character to bank-notes, both those issued by the Bank of France and those issued by departmental banks,⁹ but legal tender circulation was given the notes of the departmental banks only within the departments

¹ The Bank of France was unwilling that the name *Manque* should "be assumed by any other institutions than itself and the departmental banks. There was no law on the subject, as in England and the United States, but the object was attained by the suggestion that cordial relations would not be established with the new institution if it called itself a bank.— Courtois, 155, note.

² The opponents of monopoly lay stress upon the fact that the Bank of France was forced first to seek the suspension of specie payments, and it was not until ten days later (March 25, 1848) that the same privilege was extended to the departmental banks, which had thus far steadily met all demands. The circulation of the Bank of France was fixed by legal decree at a maximum of 350,000,000 francs (\$70,000,000) and limits were fixed for each of the departmental banks, amounting to an aggregate of 102,000,000 francs (\$20,400,000).—Horn, 368-70.